

January 31, 2005

MEMORANDUM

To: Glenn Civil Service Employees
From: BFC/Payroll Financial Analyst
Subject: Payroll Issues and Reminders

Below are a series of issues and reminders relating to payroll.

The Internal Revenue Service (IRS) regulations require that all employees who claim exemption from Federal tax withholding file a new Form W-4 (Employees Withholding Allowance Certificate) by February 15, 2005. The Payroll Office is required to notify the IRS when an employee (1) claims more than 10 withholding allowances, or (2) claims exemption from withholding.

The Earned Income Credit Advance Payment Certificate, Form W-5, expires at the end of each calendar year. Eligible employees must file a new certificate each year.

The 2005 Form W-4 and Form W-5 can be viewed at

<C:\Program Files\Payroll info\W-4.pdf>

<C:\Program Files\Payroll info\W-5.pdf>

To review the Biweekly Payroll Period Federal Tax Withholding tables taken from the IRS Publication 15, Circular E, for wages paid through December 2005 use the following link <C:\Program Files\Payroll info\Tax Withholding Tables.pdf>. The Biweekly Federal Tax Withholding formula for 2005 is shown on the last page of this letter. Employees participating in the Thrift Savings Plan (TSP) and the pre-tax Health Benefit program should subtract their biweekly TSP contributions and Health Benefits premiums from biweekly gross pay before utilizing the formula.

The 2005 Social Security wage base for OASDI is \$90,000. There is no wage base limit for Medicare tax. The tax rate remains 6.2% for Social Security and 1.45% for Medicare tax. Earnings in excess of \$90,000 will be taxed at 1.45 %. Employees subject to withholdings for Medicare only will be taxed at the 1.45 % rate for all earnings.

The 2005 taxable earnings year began with the pay period ending December 25, 2004, through the pay period ending December 10, 2005. The 2005 leave year began January 9, 2005 and ends on January 7, 2006.

A variety of payroll changes were implemented with the pay period that began January 9, 2005. These changes included the 2005 pay raise. In addition, Health Benefit open season changes, revised 2005 Health Benefit rates, and deductions for the 2005 Combined Federal Campaign were implemented.

In 2003 OPM added three new age bands in FEGLI Option B coverage and stated the premiums for these age bands would be phased in over a three-year period. These are the only FEGLI premiums that are changing at this time. The rates for FEGLI premiums may be viewed at www.opm.gov/insure/life.

The TSP contribution cap is \$14,000. The TSP Catch-Up program will have a \$4,000 maximum contribution for 2005.

The exclusion for employer-provided qualified parking has increased to \$200.00 per month for 2005. The maximum for the Transportation Fringe Benefits will be \$105.00 per month (\$48.46 per pay period) for 2005.

Please review your Leave and Earnings Statements for the specific changes that affect your gross to net pay. Both 2004 W-2 forms have been mailed one from Marshall and one from DOI. If you have any questions, please call the Payroll Information Line on (303) 969-7732.

(For Wages Paid in 2005)

BIWEEKLY Payroll Period

<i>SINGLE Person</i> (Including Head of Household)					
If the amount of wages (after subtracting withholding allowances) is		The amount of income tax to withhold is:			
Not over \$102		\$0			
Over	But Not Over	of excess over - -			
\$102	\$377			10%	\$102
\$377	\$1,212	\$27.50	plus	15%	\$377
\$1,212	\$2,683	\$152.75	Plus	25%	\$1,212
\$2,683	\$5,844	\$520.50	Plus	28%	\$2,683
\$5,844	\$12,625	\$1,405.58	Plus	33%	\$5,844
\$12,625	\$3,643.31	plus	35%	\$12,625

<i>MARRIED Person</i>					
If the amount of wages (after subtracting withholding allowances) is		The amount of income tax to withhold is:			
Not over \$308		\$0			
Over	But Not Over	of excess over - -			
\$308	\$869			10%	\$308
\$869	\$2,546	\$56.10	plus	15%	\$869
\$2,546	\$4,644	\$307.65	Plus	25%	\$2,546
\$4,644	\$7,292	\$832.15	Plus	28%	\$4,644
\$7,292	\$12,817	\$1,573.59	Plus	33%	\$7,292
\$12,817	\$3,396.84	plus	35%	\$12,817

Withholding Allowance Amount

The 2005 withholding allowance amount by biweekly payroll period is \$123.08. Withheld tax amounts should be rounded to the nearest dollar by dropping amounts under 50 cents and increasing amounts from 50 cents to 99 cents to the next dollar.

Thrift Savings Plan

If participating in the Thrift Savings and Health Benefit plan, subtract your biweekly Thrift contributions and Health Benefits premiums from your biweekly gross pay before using the Tax Table.